

BOARD ACTION MEMORANDUM

TO: NCUA Board **DATE:** June 1, 2004
FROM: Regional Director Jane A. Walters **SUBJ:** Conversion to Community Charter
US Federal Credit Union
Burnsville, Minnesota

ACTION REQUESTED: NCUA Board approval of the requested community-based field of membership conversion by US Federal Credit Union, Charter Number 24297. Assets \$513 million.

DATE ACTION REQUESTED: June 24, 2004

OTHER OFFICES CONSULTED: Examination and Insurance, General Counsel

VIEWS OF OTHER OFFICES CONSULTED: Concur

BUDGET IMPACT, IF ANY: None

RESPONSIBLE STAFF PERSON: RD Jane A. Walters, ARDO C. Keith Morton, DOI Director
Robert J. LeConte, Senior Insurance Analyst Richard B. Lynn

SUMMARY: Interpretive Ruling and Policy Statement (IRPS) 03-1, permits an occupational, associational, or multiple common bond federal credit union to convert to a community field of membership. The credit union provided documentation supporting the application for a conversion to a community charter in compliance with IRPS 03-1.

The proposed community includes those persons who live, work, worship, or attend school in and businesses and other legal entities located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties, Minnesota. Population of the proposed area is 2,642,056 (2000 Census).

US Federal Credit Union established the requested community as a single, well-defined, local community where residents interact and share common interests. The credit union provided ample evidence showing the seven counties constitute a single community where residents interact at and share common interest in the area's primary trade center, traffic flow, shared facilities, organizations, newspapers, and events.

The credit union prepared a comprehensive business plan demonstrating its ability to serve the entire community. The business plan details management's strategy to serve the entire community through six credit union offices, two proposed credit union branches, six shared branches, ATMs, and its full line of products and services. The plan includes a detailed marketing plan to promote the community charter to the entire area using television, radio, newspaper, press releases, billboards, and direct mail. Additionally, management compiled projected financial statements as part of the business plan to quantify the financial impact the conversion should have on the credit union.

Financial Performance Report trends and current financial statements reveal a safe and sound financial institution. Likewise the most recent examination revealed no significant deficiencies and both the Supervisory Examiner and the District Examiner recommend approval of the community charter.

CONCLUSION: Based on the evidence submitted, we find the requested area to be a single, local, well-defined community where residents interact and share common interests. The application also supports US Federal Credit Union's ability to serve the community.

RECOMMENDED ACTION: I have considered the facts of this case, and conclude the application meets the requirements of Interpretive Ruling and Policy Statement 03-1. Therefore, Board approval of the application to convert to a community charter submitted by US Federal Credit Union is recommended.

Jane A. Walters
Regional Director